

# MEETING NOTICE AND AGENDA MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY BOARD OF COMMISSIONERS

January 30, 2015

**Following 9:30 a.m. City Council Meeting  
Room 317, City Hall  
350 South 5th Street, Minneapolis, Minnesota**

**Commission Members:** Council Members Lisa Goodman (Chair), Jacob Frey (Vice-Chair), John Quincy (Secretary), Kevin Reich, Cam Gordon, Barbara Johnson, Blong Yang, Abdi Warsame, Elizabeth Glidden, Alondra Cano, Lisa Bender, Andrew Johnson and Linea Palmisano (quorum 7)

1. Accept Minutes of the Regular Meeting of December 5, 2014.
2. Adopt a Resolution giving Preliminary and Final Approval of issuance of up to \$6,600,000 in Minneapolis Community Development Agency – Educational Facilities Revenue Notes, Series 2015, 501(c)(3) Bank Qualified Bank Direct Revenue Bonds for Charter Schools Development Corp/Hiawatha Academy.

**Notice:** *A portion of this meeting may be closed to the public pursuant to Minnesota Statutes Section 13D.03 or 13D.05.*

**Attention:** If you need this material in an alternative format please call Ahmed Muhumud at (612) 673-2162 or email [Ahmed.Muhumud@minneapolismn.gov](mailto:Ahmed.Muhumud@minneapolismn.gov). Deaf and hard-of-hearing persons may use a relay service to call 311 agents at (612) 673-3000. TTY users may call (612) 673-2157 or (612) 673-2626. If you have any questions regarding this material please call 311 or (612) 673-2046; Hmong - Ceeb toom. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu (612) 673-2800; Spanish - Atención. Si desea recibir asistencia gratuita para traducir esta información, llama (612) 673-2700; Somali - Ogow. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac (612) 673-3500. If you need a disability related accommodation, please contact [CouncilCommitteeCoordinators@minneapolismn.gov](mailto:CouncilCommitteeCoordinators@minneapolismn.gov).

The City of Minneapolis invites and encouraged participation by every resident to each program, service, and event within our city. Should you require an accommodation in order for you to fully participate, or should you require this document in a different format, please let us know by contacting 311 or 612-673-3000 at least 5 days prior to the noticed meeting.

**Minutes  
Regular Meeting  
Minneapolis Community Development Agency Board of Commissioners  
December 5, 2014**

Present: Lisa Goodman (Chair), Members: Minneapolis City Council Members Kevin Reich, Cam Gordon, Jacob Frey, Barbara Johnson, Blong Yang, Abdi Warsame, Alondra Cano, Lisa Bender, John Quincy, Andrew Johnson.  
Absent: Elizabeth Glidden and Linea Palmisano.

Chair Goodman called the meeting to order at 10:22 a.m., in Room 317 City Hall, Minneapolis, Minnesota, immediately following the Minneapolis City Council Meeting, a quorum being present.

1. Accept Minutes of the Regular Meeting of October 31, 2014.
2. Adopt the Resolution giving Preliminary and Final Approval of Modifications to Minneapolis Community Development Agency, Series 2010, Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, for Tubman.

Frey moved approval. Seconded.

Adopted. Yeas – 11; Nays - 0

Yeas - Lisa Bender, Jacob Frey, Cam Gordon, Andrew Johnson, Barbara Johnson, Linea Palmisano, John Quincy, Kevin Reich, Abdi Warsame, Blong Yang, and Lisa Goodman (Chair).

3. Approve and Adopt the attached Resolution giving Preliminary and Final Approval of up to \$5,000,000 in Tax-exempt 501(c)(3) Bank Qualified Bank Direct Revenue Bonds, Series 2014, for Catholic Eldercare and affiliates.

Frey moved approval. Seconded.

Adopted. Yeas – 11; Nays - 0

Yeas - Lisa Bender, Jacob Frey, Cam Gordon, Andrew Johnson, Barbara Johnson, Linea Palmisano, John Quincy, Kevin Reich, Abdi Warsame, Blong Yang, and Lisa Goodman (Chair).

The actions taken on Items 2 and 3 were approved by Mayor Betsy Hodges on December 8, 2014.

The meeting adjourned at 10:23 a.m.

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John Quincy, Secretary

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Date Minutes Accepted



## **Request for MCDA Board of Commissioners Action from the Department of Community Planning & Economic Development - CPED**

**Date:** January 20, 2015

**To:** Council Member Lisa Goodman, Chair, Community Development &  
Regulatory Services Committee

**Referral To:** MCDA Board of Commissioners

**Subject:** A Public Hearing and Request for Preliminary and Final Approval of  
issuance of up to \$6,600,000 in Minneapolis Community Development  
Agency – Educational Facilities Revenue Notes, Series 2015, for Charter  
Schools Development Corp/Hiawatha Academies Project

**City Council Recommendation:** Adopt the attached Resolution, giving Preliminary  
and Final Approval of issuance of up to \$6,600,000 in Minneapolis Community  
Development Agency – Educational Facilities Revenue Notes, Series 2015,  
501(c)(3) Bank Qualified Bank Direct Revenue Bonds for Charter Schools  
Development Corp/Hiawatha Academy. Forward this report to Minneapolis  
Community Development Agency.

**MCDA Board Recommendation:** Adopt the attached Resolution giving Preliminary  
and Final Approval of issuance of up to \$6,600,000 in Minneapolis Community  
Development Agency – Educational Facilities Revenue Notes, Series 2015,  
501(c)(3) Bank Qualified Bank Direct Revenue Bonds for Charter Schools  
Development Corp/Hiawatha Academy.

**Previous Directives:** On July 19, 2013, the City Council held a public hearing and  
adopted a resolution authorizing the Host Approval for the issuance of Bank Qualified  
Bank Direct Financing for Hiawatha Academies Charter School through the City of  
Falcon Heights.

Prepared by: Becky Shaw, Business Development, CPED

Approved by: D. Craig Taylor, Executive Director CPED \_\_\_\_\_

Catherine A Polasky, Director, Economic Development \_\_\_\_\_

Presenters in Committee: Becky Shaw

## Reviews

- Permanent Review Committee (PRC): Approval: NA

### Financial Impact:

- Other financial impact: The issuance of revenue bonds for the Project will generate revenue bond administrative fees of approximately \$16,500 per year that are used to support the small business assistance programs of the City of Minneapolis.

## Community Impact

- Neighborhood Notification: Field Regina Northrop Neighborhood Group has been notified.
- City Goals: The project is consistent with City Goals of Living Well and One Minneapolis.
- Sustainability Targets: NA
- Comprehensive Plan: This proposed project is in compliance with the policies of the Minneapolis Plan for sustainable growth.
- Zoning Code: The proposed project is in compliance with zoning regulations.
- Living Wage/Business Subsidy Agreement Yes \_\_\_\_\_ No X
- Job Linkage Yes \_\_\_\_\_ No X

## Supporting Information

Hiawatha Academies is a Minneapolis non-profit corporation and a public (charter) school, which is a 501(c)(3) organization. Hiawatha Academies is an award winning network of high performing, college-preparatory schools focused on closing the achievement gap in Minneapolis. The network is made up of the Morris Park facility, located at 3810 East 56<sup>th</sup> Street with 390 Kindergarten through 4<sup>th</sup> Grade students, College Prep Middle School, located at 3800 Pleasant Avenue, serving 336 5<sup>th</sup>-8<sup>th</sup> grade students, and the Northrop Facility, located at 1611 East 46<sup>th</sup> Street. Northrop has recently expanded to a Pre-K through 4<sup>th</sup> grade facility with 390 students. A new facility is proposed to be added to the Northrup Campus for a college preparatory middle school to open in the fall of 2015. All facilities are owned by Charter Schools Development Corporation and are leased to Hiawatha Academies.

Charter Schools Development Corporation (CSDC) has requested that the Minneapolis Community Development Agency (the “Agency”) issue \$6.6 million in bank qualified bank direct revenue notes for the Hiawatha Academy Middle School Project. Issuers are allowed to allocate \$10 million of bank qualified bank direct revenue bonds per calendar year to 501(c)(3) organizations, leaving a \$3.4 million allocation for another non-profit project. The Agency is proposing to issue two tax-exempt educational facilities revenue notes that will be sold to Minnesota Bank & Trust in a principal amount not to exceed \$6,600,000. The proceeds of the notes will be used for new construction and site improvements on the south east corner of Hiawatha Academy’s Northrop campus on 1611 East 46<sup>th</sup> Street. They will construct a 38,000 square foot, two story facility including 19 classrooms, a gymnasium, an auditorium, a cafeteria, conference and break out rooms, and administrative space. Site improvements will include 36 parking spaces, a loading area, and related landscaping. The project will create 40 new full time positions with average salary of \$46,000 per year. The new facility will house high school students moving up from College Prep Middle School for a maximum term of 3 years. During the 3 year duration, CSDC will find or construct an appropriate permanent location for their high school students, so that current elementary students of Northrop will have a Middle School to move into.

**Type of Financing:**

It is proposed that the Agency issue up to \$6,600,000 Series 2015 Tax-exempt Revenue Bonds for the Hiawatha Academy project. The bonds will be unrated and will be sold to suitable Qualified Institutional Investors and Accredited Investors only.

**Present Employment:** All current employment will be retained.

**New Employment:** It is anticipated that the project will create 40 full time positions.

**Assessor’s Estimate Annual Tax Increase:** Tax-exempt facility

**Affirmative Action Compliance:** The applicant is currently working with the Civil Rights Department on an Affirmative Action Plan.

**CITY IRB POLICIES:**

Job Component

Minimum standard of one (1) job per 1,000 square feet of building area.

**Hiawatha:** This is an education facility where the utilization of space by people will be much greater than one per

thousand square feet of space.

#### Property Improvements

For private activity IRBs consisting of industrial/manufacturing projects, no more than 25% of the bond proceeds may be used for land and acquisition. If purchasing an existing building, an amount equal to at least 15% of the acquisition cost must be spent on rehabilitation expenditures. This IRB policy does not apply to nonprofit organizations issuing 501(c)(3) tax-exempt revenue bonds.

**Hiawatha:** N.A.

#### Development Standards

Compliance with the Land Use Plan of the City's Comprehensive Plan.

**Hiawatha:** In compliance.

#### Equipment Financing

Limited to companies that create or preserve a significant number of jobs, and the equipment financed must be sufficiently secured. No more than 10% of the bond proceeds may be used to finance movable equipment not constituting a fixture.

**Hiawatha:** N.A.

#### Restaurant/Bank

IRB financing is allowed for a restaurant or a bank if it is built or rehabilitated in an CPED Redevelopment Area. No more than 25% of the bond proceeds can be used to finance retail food and beverage establishments, automobile dealerships or recreation or entertainment facilities.

**Hiawatha:** N.A.

#### Tax-exempt Institution

Refinancing is permitted when new jobs are created or when a significant

number of jobs are preserved; any interest cost savings must directly reduce patient costs.

**Hiawatha:** N.A.

IRB CAP:

The project is not subject to the volume cap, in that the project is exempt from income tax under Internal Revenue Code Section 501(c)(3) for its exempt purposes and is classified thereunder as a non-profit organization.

BOND COUNSEL: Briggs & Morgan

LENDER: Minnesota Bank & Trust

**RESOLUTION**  
**of the**  
**MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY**

By Goodman

RELATING TO FINANCING FOR A PROJECT ON BEHALF OF CHARTER SCHOOLS  
DEVELOPMENT CORPORATION, AUTHORIZING THE ISSUANCE AND SALE OF  
EDUCATIONAL FACILITIES REVENUE NOTES (CHARTER SCHOOLS DEVELOPMENT  
CORPORATION/HIAWATHA ACADEMIES PROJECT), SERIES 2015 AND  
AUTHORIZING EXECUTION AND DELIVERY OF VARIOUS RELATED DOCUMENTS.

WHEREAS,

(a) Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Act"), confers upon cities and agencies the power to issue revenue bonds for the purpose of the encouragement and development of economically sound industry and commerce to prevent so far as possible the emergence of blighted and marginal lands and areas of chronic unemployment; and

(b) The Board of Commissioners of the Minneapolis Community Development Agency (the "Agency") has received from Charter Schools Development Corporation, a District of Columbia nonprofit corporation organized under the laws of the District of Columbia and a 501(c)(3) organization (the "Borrower"), a proposal that the Agency assist in financing a project hereinafter described through the issuance of revenue notes, pursuant to the Act; and

(c) In authorizing the financing of the Project (as hereinafter defined), and the issuance of the Notes (as hereinafter defined), the Agency's purpose is, and in its judgment the effect thereof will be, to promote the public welfare by providing facilities within the meaning of the Act, such purpose to be accomplished in the manner and upon the terms and conditions set forth in the Act and in this Resolution; and

(d) The "Project" to be financed by the revenue notes consists of the acquisition, construction and equipping of a charter school facility located at the southeast corner of Hiawatha Academies' Northrop Campus located at 1611 East 46th Street, Minneapolis, Minnesota, near the intersection of 17th Avenue East and 47th Street South, including an approximately 38,000 square foot two-story middle school building containing approximately 19 classrooms, a gymnasium, auditorium, a cafeteria, conference and break-out rooms, and administrative space, and site upgrades, including approximately 36 parking spaces, a loading area, and landscaping. The Project will be owned by the Borrower and leased to and operated by Hiawatha Academies, a Minnesota non-profit corporation having federal income tax-exempt 501(c)(3) status as a public (charter) school; and

(e) The Agency has been advised by representatives of the Borrower that without the aid of municipal financing, and its resulting low borrowing cost, the Project and the provision of the services offered in connection therewith is not economically feasible; and



(f) No public official of the City or the Agency has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

RESOLVED BY THE MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY:

**SECTION 1 LEGAL AUTHORIZATION AND FINDINGS.**

1.1 Findings. The Agency hereby finds, determines and declares as follows:

(a) The Agency is, by the Constitution and Laws of the State of Minnesota, including Sections 469.152 to 469.1655, Minnesota Statutes, as amended (the "Act"), authorized to issue and sell revenue bonds for the purpose of financing the cost of acquisition and construction of authorized projects and to enter into contracts necessary or convenient in the exercise of the powers granted by the Act.

(b) As required by Section 469.154, Subd. 4 of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Community Development & Regulatory Services Committee of the City held a public hearing on behalf of the Agency on January 20, 2015 on the issuance of revenue notes, in one or more series, or other obligations to finance the Project.

(c) The Project furthers the purposes and policies of the Act and constitutes a "project" within the meaning of Section 469.153 Subd. 2(d) of the Act.

(d) The Agency has determined to proceed with the Project and the financing thereof as required by Section 469.154 Subd. 4 of the Act and authorizes application to the Department of Employment and Economic Development ("DEED") for the approval of the Project.

(e) The issuance and sale of revenue notes, to be issued in one or more series by the Agency (the "Notes") for the Project, in an amount not to exceed \$6,600,000 by the Agency, pursuant to the Act, is in the best interest of the Agency, and the Agency hereby determines to issue the Notes and sell the Notes to Minnesota Bank & Trust (the "Lender"), as provided herein. The Agency will loan the proceeds of the Notes (the "Loan") to the Borrower in order to finance the Project.

(f) Pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the Agency and the Borrower, the Borrower will agree to repay the Notes in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Notes. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the Agency and the Borrower deem necessary or desirable for the financing of the Project. A draft of the Loan Agreement has been submitted to the Board of Commissioners of the Agency.

(g) Pursuant to the Loan Agreement the proceeds of the Notes will be disbursed to the Borrower for the Project pursuant to the terms of the Loan Agreement and a disbursing agreement in form and substance acceptable to the Borrower and the Lender (the "Disbursing Agreement").

(h) Pursuant to a Pledge Agreement to be entered into between the Agency and the Lender, the Agency will pledge and grant a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses). A draft of the Pledge Agreement has been submitted to the Board of Commissioners of the Agency.

(i) Pursuant to a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents (the "Mortgage") to be executed by the Borrower in favor of the Lender, the Borrower will secure payment of amounts due under the Loan Agreement and Notes by granting to the Lender a mortgage and security interest in the property described therein. A draft of the Mortgage has been submitted to the Board of Commissioners of the Agency.

(j) The Notes will be special limited obligations of the Agency. The Notes shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the City or the Agency be subject to any liability thereon. No holder of a Note shall ever have the right to compel any exercise of the taxing power of the City or the Agency to pay such Notes or the interest thereon, nor to enforce payment thereof against any property of the City or the Agency. The Notes shall not constitute a debt of the City or the Agency within the meaning of any constitutional or statutory limitation. A draft of the Notes has been submitted to the Board of Commissioners of the Agency.

1.2 Authorization of Project. The Agency hereby approves the Project, and does hereby authorize the Borrower, in accordance with the provisions of the Act and subject to the terms and conditions imposed by the Lender, to provide for the financing of the Project by such means as shall be available to the Borrower and in the manner determined by the Borrower and without advertisement for bids as may be required for the construction and acquisition of other municipal facilities; and the Borrower is hereby authorized to make such expenditures and advances for cost of the Project, to be financed from the proceeds of the Notes as the Borrower considers necessary, if and when delivered, but otherwise without liability on the part of the Agency.

## **SECTION 2 THE NOTES.**

2.1 Authorized Amount and Form of Note. The issuance of the Notes, payable from loan repayments to be made under the Loan Agreement, is hereby authorized. The Notes shall be designated "Minneapolis Community Development Agency, Educational Facilities Revenue Notes (Charter Schools Development Corporation/Hiawatha Academies Project) Series 2015. The proceeds of the Notes shall be used to finance the Project.

The Notes issued pursuant to this Resolution shall be in substantially the form submitted to the Board of Commissioners of the Agency with such appropriate variations, omissions and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof. The total aggregate principal amount of the Notes that may be outstanding hereunder is expressly limited to \$6,600,000, unless a duplicate Note is issued pursuant to Section 2.7. The Notes shall bear interest as set forth therein. The initial interest rate on the Notes shall be a variable rate calculated substantially as set forth in the draft Loan Agreement or draft Note submitted to the Board of Commissioners of the Agency, subject to adjustment from time to time substantially as set forth in the draft Loan Agreement or Note submitted to the Board of Commissioners of the Agency. The Notes shall contain a recital that they are issued pursuant to the Act and such recital shall be conclusive evidence of their validity and the regularity of their issuance.

2.2 The Notes. The Notes shall be dated, shall be payable at the times and in the manner, shall bear interest at the rates, and shall be subject to such other terms and conditions as are set forth therein.

2.3 Execution. The Notes shall be executed in the name and on behalf of the Agency by the Executive Director (or Deputy Executive Director) and the Finance Officer (or Assistant Finance Officer), in substantially the forms on file, but with all such changes therein, not inconsistent with this resolution, the Act or other law, as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof. In case any officer whose signature shall appear on a Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

2.4 Delivery of Initial Note. Before delivery of the Notes there shall be filed with the Lender (except to the extent waived by the Lender) the following items:

- (1) an executed copy of each of the following documents:
  - (a) the Loan Agreement;
  - (b) the Disbursing Agreement;
  - (c) the Pledge Agreement; and
  - (d) the Mortgage;
- (2) an opinion of Counsel for the Borrower as prescribed by the Lender and Bond Counsel;
- (3) the opinion of Bond Counsel as to the validity and tax exempt status of the Notes;

(4) a 501(c)(3) determination letter or comparable evidence from the Internal Revenue Service evidencing that the Borrower is exempt from income taxation under Section 501(c)(3) of the Code; and

(5) such other documents and opinions as Bond Counsel may reasonably require for purposes of rendering its opinion required in subsection (3) above or that the Lender may reasonably require for the closing.

2.5 Disposition of Proceeds of the Notes. Upon delivery of the Notes to Lender, the Lender is hereby authorized to disburse the proceeds of the Notes for payment of Project Costs in accordance with the terms of the Loan Agreement and the Disbursing Agreement.

2.6 Registration of Transfer. The Agency will cause to be kept at the office of the Agency a Note Register for the Notes in which, subject to such reasonable regulations as it may prescribe, the Agency shall provide for the registration of transfers of ownership of the Notes. The Notes shall be initially registered in the name of the Lender and shall be transferable upon the Notes Register by the Lender in person or by its agent duly authorized in writing, upon surrender of the applicable Note together with a written instrument of transfer satisfactory to the Agency, duly executed by the Lender or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

For value received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the within Note of the Minneapolis Community Development Agency, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer said Note on the books of said Agency with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Section 2.9 of the Resolution authorizing the issuance of the Notes.

Dated: \_\_\_\_\_  
\_\_\_\_\_  
Registered Owner

Upon such transfer the Agency shall note the date of registration and the name and address of the new holder in the applicable Note Register and in the registration blank appearing on the Notes.

2.7 Mutilated, Lost or Destroyed Note. In case the Notes issued hereunder shall become mutilated or be destroyed or lost, the Agency shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the Lender's paying the reasonable expenses and charges of the Agency in connection therewith, and in the case of a Note destroyed or lost, the filing with the Agency of evidence satisfactory to the Agency with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

2.8 Ownership of Notes. The Agency may deem and treat the person in whose name the Notes are last registered in the applicable Note Register and by notation on the applicable

Note whether or not such Notes shall be overdue, as the absolute owner of such Notes for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the Agency shall not be affected by any notice to the contrary.

2.9 Limitation on Note Transfers. The Notes will be issued to an "accredited investor" and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly a Note may not be assigned or transferred in whole or part, nor may a participation interest in the Notes be given pursuant to any participation agreement, except to another "accredited investor" or "financial institution" in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s).

2.10 Issuance of New Notes. Subject to the provisions of Section 2.9, the Agency shall, at the request and expense of the Lender, issue new notes, in aggregate outstanding principal amount equal to that of the Notes surrendered, and of like tenor except as to number, principal amount, and the amount of the monthly installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

### **SECTION 3 GENERAL COVENANTS**

3.1 Payment of Principal and Interest. The Agency covenants that it will promptly pay or cause to be paid the principal of and interest on the Notes at the place, on the dates, solely from the source and in the manner provided herein and in the applicable Notes. The principal and interest are payable solely from and secured by revenues and proceeds derived from the Loan Agreement and the Pledge Agreement, which revenues and proceeds are hereby specifically pledged to the payment thereof in the manner and to the extent specified in the Notes, the Loan Agreement, and the Pledge Agreement; and nothing in the Notes or in this Resolution shall be considered as assigning, pledging or otherwise encumbering any other funds or assets of the City or the Agency.

3.2 Performance of and Authority for Covenants. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in the Notes executed, authenticated and delivered hereunder and in all proceedings of the Board of Commissioners of the Agency pertaining thereto.

3.3 Enforcement and Performance of Covenants. The Agency agrees to enforce all covenants and obligations of the Borrower under the Loan Agreement upon request of the Lender and being indemnified to the satisfaction of the Agency for all expenses and claims arising therefrom, and to perform all covenants and other provisions pertaining to the Agency contained in the Notes and the Loan Agreement and subject to Section 3.4.

3.4 Nature of Security. Notwithstanding anything contained in the Notes, the Loan Agreement, the Pledge Agreement or any other document referred to in Section 2.4 to the contrary, under the provisions of the Act, the Notes may not be payable from or be a charge upon any funds of the City or the Agency other than the revenues and proceeds pledged to the payment thereof, nor shall the City or the Agency be subject to any liability thereon, nor shall the

Notes otherwise contribute or give rise to a pecuniary liability of the City or the Agency or, to the extent permitted by law, any of the City's or the Agency's officers, employees and agents. No holder of a Note shall ever have the right to compel any exercise of the taxing power of the City or the Agency to pay such Notes or the interest thereon, or to enforce payment thereof against any property of the City or the Agency other than the revenues pledged under the Pledge Agreement; and the Notes shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City or the Agency; and the Notes shall not constitute a debt of the City or the Agency within the meaning of any constitutional or statutory limitation; but nothing in the Act impairs the rights of the Lender to enforce the covenants made for the security thereof as provided in this Resolution, the Loan Agreement, and the Pledge Agreement, and in the Act, and by authority of the Act the Agency has made the covenants and agreements herein for the benefit of the Lender; provided that in any event, the agreement of the Agency to perform or enforce the covenants and other provisions contained in the Notes, the Loan Agreement, and the Pledge Agreement shall be subject at all times to the availability of revenues under the Loan Agreement sufficient to pay all costs of such performance or the enforcement thereof, and the Agency shall not be subject to any personal or pecuniary liability thereon.

#### **SECTION 4 MISCELLANEOUS.**

4.1 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

4.2 Authentication of Transcript. The officers of the Agency are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Notes. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the Agency as to the correctness of all statements contained therein.

4.3 Authorization to Execute Agreements. The forms of the proposed Loan Agreement, Pledge Agreement, and the Notes are hereby approved in substantially the forms heretofore presented to the Board of Commissioners of the Agency, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents, and the Executive Director and Finance Officer or other officers authorized to act on behalf of the Agency is authorized to execute the Loan Agreement, the Pledge Agreement and such other documents as required, appropriate or desirable in connection with the issuance of the Notes in the name of and on behalf of the Agency. The execution of any instrument by the appropriate officer or officers of the Agency

herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

4.4 Certifications. The officers of the Agency are authorized and directed to prepare and furnish to Bond Counsel, to the Borrower, to the Lender and to counsel for the Borrower and the Lender, certified copies of all proceedings and records of the Agency relating to the Project and the Notes, and such other affidavits and certificates as may be required to show the facts appearing from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Agency as to the trust of all statements contained therein.

4.5 Bank Qualification Designation. The Agency hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and makes the following factual statements and representations:

- (a) the Notes is issued after August 7, 1986;
- (b) the Notes is not a "private activity bond" as defined in Section 141 of the Code, treating "qualified 501(c)(3) bonds" as not being private activity bonds;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Agency (and all entities treated as one issuer with the Agency, and all subordinate entities whose obligations are treated as issued by Agency) during calendar year 2015 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 (or such greater amount as may be permitted by the Code or other applicable federal law) of obligations issued by the Agency during calendar year 2015 have been designated for purposes of Section 265(b)(3) of the Code.

Adopted by the Board of Commissioners of the Minneapolis Community Development Authority, this \_\_\_\_ day of January, 2015.

RESOLUTION  
OF THE  
CITY OF MINNEAPOLIS

By Goodman

**Giving preliminary and final approval to and authorizing the financing of a project for the benefit of Charter Schools Development Corporation, a District of Columbia nonprofit corporation (the “Borrower”), for Hiawatha Academies (the “School”) located in Minneapolis, Minnesota and approving issuance of revenue notes or other obligations of the Minneapolis Community Development Agency therefor.**

WHEREAS, pursuant to Laws of Minnesota 1980, Chapter 595, as amended ("Chapter 595"), the City Council of the City of Minneapolis, Minnesota (the "City") established the Minneapolis Community Development Agency (the "Agency") and granted certain powers and duties to the Agency; and

WHEREAS, pursuant to such granted powers, the Agency has been authorized to issue revenue obligations for various purposes; and

WHEREAS, it has been proposed that the Agency issue revenue notes or other obligations in one or more series in an aggregate amount not to exceed \$6,600,000 (the "Notes") by the Borrower to finance the acquisition, construction and equipping of a charter school facility located at the southeast corner of Hiawatha Academies' Northrop Campus located at 1611 East 46th Street, Minneapolis, Minnesota, near the intersection of 17th Avenue East and 47th Street South, including an approximately 38,000 square foot two-story middle school building containing approximately 19 classrooms, a gymnasium, auditorium, a cafeteria, conference and break-out rooms, and administrative space, and site upgrades, including approximately 36 parking spaces, a loading area, and landscaping. The Project will be owned by the Borrower and leased to and operated by Hiawatha Academies, a Minnesota non-profit corporation having federal income tax-exempt 501(c)(3) status as a public (charter) school (the “Project”).

WHEREAS, the Agency expects to give final approval to the issuance of the Notes by a resolution to be adopted on the date hereof; and

WHEREAS, the Notes shall bear interest at variable rates of interest and/or fixed interest rates, shall have final maturity dates, and shall have such other terms as required or permitted by the Agency's resolution, which terms are to be incorporated herein by reference.



NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

1. That the City Council hereby give approval to the issuance by the Agency of the Notes in a principal amount not to exceed \$6,600,000 for the purpose of financing the Project.

2. That the Notes are hereby designated as "Program Bonds" and are determined to be within the "Economic Development Program" and the "Program," all as defined in Resolution 88R-021 of the City adopted January 29, 1988, and as amended by Resolution 97R-402 of the City adopted December 12, 1997.